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AGRICULTURAL OUTLOOK DIGEST

ECONOMIC RESEARCH SERVICE • U. S. D. A. • WASHINGTON, D. C. AOD-81 SEPTEMBER 1961

Favorable growing weather has boosted prospects for record-high per acre yields for corn, grain sorghums, and soybeans.

At 60.4 bushels per acre, corn yield is nearly 6 bushels above the previous 1960 record. At 44 bushels per acre, grain sorghums are more than 4 bushels above the 1960 record. And at 26.6 bushels per acre, the soybean yield tops the previous 1958 high by 2.4 bushels.

FARM INCOME--For the first 8 months of 1961, the volume of farm marketings and farmers' prices exceeded year-ago levels; cash receipts were almost 2-1/2 percent higher. Through the first half of the year, realized net farm income (gross income less production expenses) was up about 10 percent from a year earlier and for all of 1961, realized net farm income is expected to be well above the \$11.7 billion of 1960. Main factors: An increase in cash receipts from marketings and larger Government payments under the new agricultural programs.

LIVESTOCK--Hog slaughter is now increasing. But a significant rise above last year's levels is not likely until November because of the late farrowings of the 7 percent larger spring pig crop. Prices will average below those of a year ago.

Last-quarter estimates for fed cattle is for a slight increase in output over a year ago. Prices are expected to average a little below the last quarter of 1960.

DAIRY--Milk production from January through August was 1 percent above the first 8 months of last year. For the year as a whole, output is likely to exceed last year's 123 billion pounds by more than 1-1/2 billion.

Downtrend in milk cow numbers slowed noticeably again this year as it did in 1960. Main reasons: Steadily improving milk price relative to feed prices and, to some extent, lower prices for beef cattle. In 1960, the decline was 350 thousand head; this year, 150 thousand head.

BROILERS--Broiler prices continue at low levels. Since late May, the mid-month U. S. average prices have ranged between 12.6 and 13.0 cents, 3 to 5 cents lower than the year before and the lowest monthly prices ever reported. For the next few weeks, broiler slaughter is likely to average about 10 percent above last year.

EGGS--Egg prices trended lower in late August; in early September, they were slightly lower than the summertime peak. Some price rise from early September is considered likely since the low point in egg production has not yet been reached.

Monthly egg production for the rest of 1961 will likely run above a year ago. But, with a smaller number of pullets maturing in coming months than a year earlier, egg prices later in the year may hold relatively steady although probably averaging below a year ago.

TURKEYS--The 1961 turkey crop of 107 million birds is 26 percent more than last year's record. Increases occurred in all regions of the country and in all leading production States. The mid-August U. S. average price to farmers was 19.8 cents per pound, about 4 cents lower than last year.

WOOL--The opening prices in the 1961-62 Australian and South African wool auctions were about the same as those at the end of the 1960-61 season. Demand was relatively strong. Prices are expected to hold at about current levels for the next two months.

WHEAT--Total wheat disappearance for 1961-62 is estimated at 1.3 billion bushels with domestic disappearance taking 594 million (slightly below last year) and exports 675 million (slightly above last year). This disappearance, which is about the same as in 1960-61, and prospective supplies, point to the possibility of a small reduction in carryover from the 1.4 billion bushels in July 1961.

FEED--Ideal growing conditions during August raised estimated 1961 feed grain production to 137 million tons, an increase of 12 million tons over July estimates, but 18 million below the record output in 1960. This year, more feed grain is likely to be used in the 1961-62 feeding year than was produced. The carryover into 1962-63 may, as a result, drop 5 million below the record 85 million tons of 1961-62, the first decline in stocks since 1952.

FATS AND OILS--U. S. soybean supply for the marketing year beginning this October 1 is estimated at 725 million bushels, up 143 million from last year. Crushings and exports both are expected to be record large. They probably will take a good part of the crop increase but still leave end-of-year carryover sharply higher than the 5 million bushels forecast for October 1, 1961, and close to the record 62 million of October 1, 1959.

Soybean prices this fall probably will average at about the national support rate of \$2.30 per bushel. Last fall, when supports were at a \$1.85, the prices received by growers averaged about \$2 per bushel.

COTTON--Production of cotton in 1961 is estimated at about 14.2 million running bales, about 0.1 million smaller than a year earlier. Main reason for the slight decline in output is lower U. S. average yield per acre, down about 9 pounds from the average yield per harvested acre in 1960. The carryover of cotton on August 1, 1962, is forecast at 7.0 million bales, about 200,000 bales less than on August 1, 1961, and the smallest carryover since 1953.

TOBACCO--Consumption of tobacco products, except chewing tobacco and snuff, in 1961 is expected to top 1960. Cigarette output and consumption will reach new highs; cigar and cigarillo consumption combined probably will be the highest since 1923. The outlook is for still further advances in cigarettes and cigars in 1962.

VEGETABLES--Early indications are that supplies of fresh vegetables for fall harvest are likely to be slightly to moderately less than last year. In prospect are more early fall snap beans, cabbage, cauliflower, cucumbers, and spinach than a year earlier. But these increases are more than offset by declines in early fall lettuce and tomatoes and in fall celery and carrots.